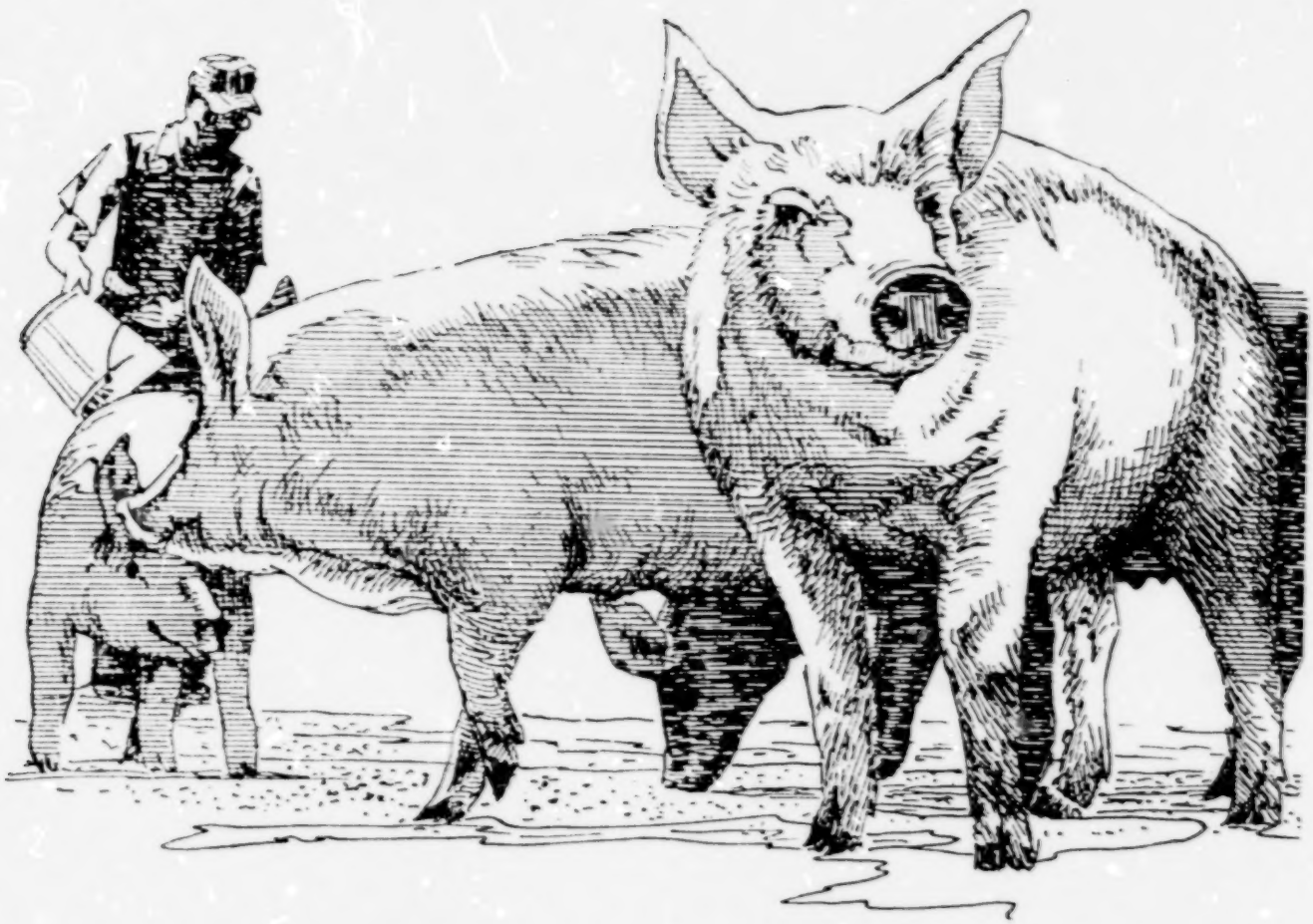
Nova Scotia
Department of
Agriculture and Marketing

RP-87-200
448.821 05

Swine Farm Business Summary

1986



SOW WEANLING

PREFACE

The 1986 Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is a synopsis of the business performance of Nova Scotia swine farms.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the summary. Since this is not a random sample selection of farms, care should be exercised in the interpretation of the results shown in the various tables of the summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similiar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary

We also acknowledge the efforts of Peter Dekker who assisted in gathering the data, Debbie Freeman who prepared it for this summary; and Tracey Mitchell for the secretarial work.

AUGUST 1987

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is designed to provide bench mark information that can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your business. By identifying the weaknesses of your business and taking corrective action, the profit picture of your business should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report may be useful in this regard.

- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

RECEIPTS

Receipts from the sale of hogs accounted for 99.0 percent of Total Farm Receipts. Of this amount, weanling sales amounted to 90.8 percent, cull sows and boars 7.7 percent, other hogs 0.8 percent, and market hogs 0.6 percent .

Total Farm Receipts averaged $ 138,719. on a per farm basis, or $ 973. on a per sow basis.

TABLE 1: RECEIPTS

ITEM	PER FARM	PER SOW
Weanlings	$ 124,788.	$ 875.
Market Hogs	893.	6.
Other Hogs	1,118.	8.
Cull Sows	9,459.	66.
Cull Boars	1,137.	8.
TOTAL HOG RECEIPTS	$ 137,394.	$ 964.
Subsidies	849.	6.
Other Income	475.	3.
TOTAL FARM RECEIPTS	$ 138,719.	$ 973.

EXPENSES

Purchased feed was the largest single item and accounted for 53.9 percent of Cash Expenses. In dollar terms, feed amounted to $ 422. on a per sow basis, or $ 60,196. on a per farm basis.

Other major expenses were swine purchased at 15.3 percent, hired labour at 10.0 percent, utilities at 6.0 percent, and machinery and equipment expense at 2.6 percent of Total Cash Expenses.

TABLE 2: EXPENSES

ITEM	PER FARM	PER SOW
Purchased Feed	$ 60,196.	$ 422.
Swine Purchased	17,039.	120.
Hired Labour	11,223.	79.
Bedding	482.	3.
Vet & Drugs	2,712.	19.
Hog Supplies	1,780.	12.
Marketing Costs	265.	2.
Utilities	6,728.	47.
Taxes	849.	6.
Insurance	1,549.	11.
Building Repairs	2,108.	15.
Machinery & Equipment Expense	2,887.	20.
Auto Expense	1,699.	12.
Interest - Operating	810.	6.
Miscellaneous	1,387.	10.
Other Non-Hog Expenses	0.	0.
TOTAL CASH EXPENSES	$ 111,714.	$ 784.

INCOME SUMMARY

One of the key factors studied, when analyzing a farm business is Income. In the table below, two (2) measures of income are summarized.

Net Cash Income refers to the difference between Farm Receipts and Cash Expenses. For these farms, Net Cash Income averaged $ 27,005. per farm or $ 189. on a per sow basis.

Net Farm Income is the difference between Farm Receipts and Cash Expenses with adjustments made for Inventory Change, Depreciation and Interest on Capital Loans. For these farms, Net Farm Income averaged $ 14,448. per farm or $ 101. per sow.

TABLE 3: INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Receipts	$ 138,719.	$ 973.
Total Cash Expenses	111,714.	784.
NET CASH INCOME	$ 27,005.	$ 189.
Plus: Inventory Change	$ 5,163.	$ 36.
Less: Depreciation	9,628.	68.
Interest on Capital Loans	8,094.	57.
NET FARM INCOME	$ 14,448.	$ 101.

AVERAGE COST OF PORK PRODUCED

For farms in this study, the average cost of producing pork was $ 1.11 per pound.

Note that this cost figure does not include a value for operator labour or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amount has been added for what is traditionally called "Opportunity Costs".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 129,435.	$ 908.
Plus: Inventory Change	-5,163.	-36.
Less: Cull Sales	10,596.	74.
Other Income	475.	3.
TOTAL COSTS	$ 113,200.	$ 794.
Total Pounds of pork produced (Lbs)	102,306	718
Average Cost of Production ($)	1.11	1.11

COST ANALYSIS

Purchased feed was the largest single cost item, accounting for 46.5 percent of Total Cost. Other major expenses were swine purchased at 13.2 percent, hired labour at 8.7 percent, depreciation at 7.4 percent, and utilities at 5.2 percent and interest - Capital loans at 6.3 percent of Total Cost.

TABLE 5: COST ANALYSIS

ITEM	PERCENT OF TOTAL
Purchased Feed	46.5 %
Swine Purchased	13.2
Hired Labour	8.7
Bedding	.4
Vet & Drugs	2.1
Hog Supplies	1.4
Marketing Costs	.2
Utilities	5.2
Taxes	.7
Insurance	1.2
Building Repairs	1.6
Machinery & Equipment Expense	2.2
Auto Expense	1.3
Interest - Operating	.6
Miscellaneous	.1
Other Non-Hog Expenses	.0
Depreciation	7.4
Interest - Capital Loans	6.3
TOTAL	100.0 %

PRODUCTION ANALYSIS

The average number of sows maintained was 143 for the farms in this summary. Each sow averaged 2.14 litters per year.

For each sow, 23.65 pigs were born and of these, 19.37 were weaned. Suckling mortality averaged 4.03 pigs or 17.02 percent of pigs born.

TABLE 6: PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	143	1.00
Number of Boars	8	.06
Number of Litters	306	2.14
Pigs Born	3,372	23.65
Pigs Born Alive	3,133	21.97
Pigs Weaned	2,762	19.37
Pigs Born Per Litter	11.03	-
Pigs Born Alive per Litter	10.25	-
Pigs Weaned per Litter	9.04	-
Suckling Mortality (#)	574	4.03
Suckling Mortality (%)	17.02	-
Weanlings Sold	2,652	18.60
Gilts Kept for Replacement	-6	-.04
Market Hogs Sold	6	.04
Other Hogs Sold	5	.03
Inventory Change	36	.25
Inventory Adjustment	74	.52
Purchases	0	.00
Feeder Hog Mortality (#)	31	.22
Feeder Hog Mortality (%)	1.14	.01

PRODUCTION ANALYSIS

A number of production coefficients provide additional information about the sow-weanling enterprise. Average weight per weanling sold was 36 pounds, while the average price received per weanling was $ 47.05.

Feed consumption per weanling produced averaged 6.89 kgs. of creep; 11.80 kgs. of starter; 54.66 kgs. of sow & boar feed; for a total of 74.59 kgs. of feed at a total cost of $ 21.08 per weanling.

Cull rate on sows averaged 35.47 percent, and for each man equivalent of labour available, 85 sows were maintained.

TABLE 7: PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Ave. Weight per Weanling Sold	(lbs)	36
Ave. Return per Weanling	($)	47.05
Sow Mortality	(%)	3.41
Cull Rate on Sows	(%)	35.47
Labour Man Equivalents	(#)	1.69
Sows Kept per Man Equivalent	(#)	85
Total Sales per Man Equivalent	($)	82,291
Weanlings Produced per Man Equivalent	(kgs)	25,546
Creep per Weanling	(kgs)	6.89
Creep Cost per Weanling	($)	2.80
Starter per Weanling	(kgs)	11.80
Starter Cost per Weanling	($)	4.17
Creep & Starter per Weanling	(kgs)	18.70
Creep & Starter Cost per Weanling	($)	6.97
Sow & Boar Feed per Weanling	(kgs)	54.66
Sow & Boar Feed Cost per Weanling	($)	13.77
Total Feed per Weanling	(kgs)	74.59
Total Feed Cost per Weanling	($)	21.08
Creep Cost per Tonne	($)	405.53
Starter Cost per Tonne	($)	353.28
Sow & Boar Feed Cost per Tonne	($)	252.02
Feed per Sow & Boar	(kgs)	1047.61

SUMMARY

The 1986 Nova Scotia Farm Business Summary for Sow-Weanling operations provides basic information and statistics on the costs and returns associated with the sow-weanling enterprise on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used, with care, to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

In reviewing the information contained in this summary, the following items can be noted:

- Average farm size measured in terms of sow numbers was 143.
- Average litters per sow was 2.14
- Average pigs weaned per sow per year was 19.37
- Average sales of weanlings per sow per year was 18.60
- Average weanling sale weight was 36 pounds.
- Average feed consumed per weanling was 74.59 kilograms, including sow and boar feed.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in most items of receipts, costs and management factors.

Below, we outline a number of the variations.

- Net Farm Income had a range of $230. per sow betwen the highest and lowest Net Incomes on a per sow basis.
- Feed costs per sow had a range of $200.
- Feed cost as a percent of total costs varied between 34.7 and 73.9 percent.
- Kilograms of creep and starter feed per hog varied as much as 12.24 kilograms.
- Total feed fed per weanling varied as much as 23.07 kilograms.
- Pigs weaned per sow varied as much as 4.07 pigs per year.
- Sows kept per man equivalent had a range of 41 sows between the highest and lowest sows per man.

With such wide variation in many of the items of returns, costs and production factors, it is difficult to isolate specific characteristics that result in a profitable sow unit. It would appear, however, that a number of the key factors of production outlined above such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.

Those operators who successfully combined these factors of production in the operation and management of their farm units achieved a return to their labour, capital and management skills.